

ORIGINAL

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August 31, 2005

**HAND DELIVERED**

Docket Control  
Arizona Corporation Commission  
1200 W. Washington  
Phoenix, AZ 85007

Re: *Southwest Transmission Rate Case; Decision No. 68702;  
Docket Nos. E-04100A-04-0527 and E-01773A-04-0528; Tariffs*

Dear Sir/Madam:

Pursuant to the first ordering paragraph of Decision No. 68702, attached are the original and 15 copies of Southwest Transmission Cooperative's Network Transmission Service, Point-to-Point Transmission Service, Ancillary Services and Regulatory Asset Charge Tariffs.

Very truly yours,

GALLAGHER & KENNEDY, P.A.

*Michael M. Grant*

By:

Michael M. Grant

MMG/plp  
15169-6/1295153

Attachments

cc (w/attachments): Gary Pierson  
Patrick Ledger

# **SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

## **NETWORK TRANSMISSION SERVICE**

### **TARIFF**

#### **PERMANENT**

Effective Date: September 1, 2005

#### **AVAILABILITY OF NETWORK TRANSMISSION SERVICE**

Available to all cooperative associations which are or shall be Class A members of Southwest Transmission Cooperative, Inc. ("SWTC"), including those cooperatives who receive network transmission service through Arizona Electric Power Cooperative, Inc. ("AEPCO"), a Class B member of SWTC, as well as to other Eligible Customers. In addition, SWTC also offers firm and non-firm point-to-point transmission service and ancillary services. All service is subject to the terms and conditions of the Open Access Transmission Tariff ("OATT") filed by SWTC with the Federal Energy Regulatory Commission.

#### **NETWORK TRANSMISSION SERVICE**

The Monthly Demand Charge for the Rates and Charges for Network Transmission Service is the product of the Network Customer's Load Ratio Share times the Transmission Rate set forth on the attached Exhibit A. As the Monthly Demand Charge is load-based, the actual monthly charge will vary according to changes in the Load Ratio Share of the Network Customer.

In addition to the Monthly Demand Charge, the Network Customer may also be responsible for Direct Assignment Facilities, Regulatory Asset Charges, Ancillary Services, applicable study costs and redispatch costs, although the Network Customer may also be entitled to a credit for redispatch costs.

## EXHIBIT A

	<u>Sept. 1, 2005*</u>	<u>Jan. 1, 2006*</u>	<u>Sept. 1, 2006*</u>	<u>Sept. 1, 2007*</u>
Network Transmission	\$1,420,722	\$1,566,081	\$1,587,088	\$1,608,258
Service: Transmission Rate				

\* The stated Transmission Rate applies to Network Service provided on and after this date.

# **SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

## **POINT-TO-POINT TRANSMISSION SERVICE**

### **TARIFF**

#### **PERMANENT**

Effective Date: September 1, 2005

#### **AVAILABILITY OF POINT-TO-POINT SERVICE**

Available to all cooperative associations which are or shall be Class A members of Southwest Transmission Cooperative, Inc. ("SWTC"), including those cooperatives who receive transmission service through Arizona Electric Power Cooperative, Inc. ("AEPCO"), a Class B member of SWTC, as well as to other Eligible Customers. In addition, SWTC also offers network transmission service and ancillary services. All service is subject to the terms and conditions of the Open Access Transmission Tariff ("OATT") filed by SWTC with the Federal Energy Regulatory Commission.

#### **FIRM AND NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE**

The Transmission Customer shall compensate SWTC each month for Firm Point-to-Point Transmission Service. The basic maximum rate for monthly delivery of Reserved Capacity is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

The Transmission Customer shall compensate SWTC for Non-Firm Point-to-Point Transmission Service. The basic maximum rate for monthly delivery is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

The Transmission Customer may also be responsible for other charges including but not limited to Regulatory Asset and Ancillary Services charges.

## **EXHIBIT A**

	<u>Sept. 1, 2005*</u>	<u>Jan. 1, 2006*</u>	<u>Sept. 1, 2006*</u>	<u>Sept. 1, 2007*</u>
<b>Point-to-Point:</b>				
Firm Point-to-Point Rate - \$/kW Month	3.022	3.334	3.379	3.423
Non-Firm Point-to-Point Rate - \$/kW Month	3.022	3.334	3.379	3.423
Point-to-Point Rate (MWE 60 MW Firm) - \$/kW Month	3.004	--	--	--
Point-to-Point Rate (City of Thatcher Firm) - \$/kW Month	2.605	2.878	2.923	2.968

\* Rates apply to Point-to-Point Service provided from and after this date.

# **SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

## **ANCILLARY SERVICES**

### **TARIFF**

#### **PERMANENT**

Effective Date: September 1, 2005

#### **AVAILABILITY OF ANCILLARY SERVICES**

Available to all cooperative associations which are or shall be Class A members of Southwest Transmission Cooperative, Inc. ("SWTC"), including those cooperatives who receive network transmission service through Arizona Electric Power Cooperative, Inc. ("AEPCO"), a Class B member of SWTC, as well as to other Eligible Customers. In addition, SWTC also offers network and firm and non-firm point-to-point transmission service. All service is subject to the terms and conditions of the Open Access Transmission Tariff ("OATT") filed by SWTC with the Federal Energy Regulatory Commission.

#### **ANCILLARY SERVICES**

SWTC's rates and general terms of service for providing Ancillary Services are specified in Schedules 1 through 6. The basic charges are as follows:

##### **Schedule 1**

Scheduling, System Control and Dispatch Service is required to schedule the movement of power through, out of, within or into a Control Area. The basic charge for each whole month of service or whole month's peak period of Reserved Capacity is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

##### **Schedule 2**

Reactive Supply and Voltage Control from Generation Sources Services addresses the reactive power needed to maintain transmission voltage on SWTC's transmission facilities within acceptable limits. The basic charge for network customers for each whole month of service of Network Load and the basic charge

for Point-to-Point Transmission Customers for each whole month of service or whole month's on-peak period of Reserved Capacity is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

### Schedule 3

Regulation and Frequency Response Service addresses the continuous balancing of resources and load to maintain scheduled Interconnection frequency at sixty cycles per second (60 Hz) despite moment-by-moment changes in load. The basic charge for each whole month of service or whole month's on-peak period of reserved Capacity or Network Load is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

### Schedule 4

Energy Imbalance Service is provided when a difference occurs between scheduled and actual delivery of energy to a load located within a Control Area over a single hour. If SWTC does not receive the energy imbalance back in kind or if the energy imbalance is outside the deviation band of +/- 1.5 percent (with a minimum of 2MW) then SWTC will charge the following: (i) for positive imbalances, the Transmission Customers receive a credit of 90% of AEPCO's average monthly fuel cost (currently 20.40 mills per kWh) applied to the amount of energy imbalance or (ii) for negative imbalances, Transmission Customers receive a charge of the greater of 100 mills per kWh or the price plus 10% that SWTC paid for energy to satisfy the imbalance.

### Schedule 5

Operating Reserve - Spinning Reserve Service addresses resources needed to serve load immediately in the event of a system contingency so as to maintain reliability. The basic charge for each whole month of service or whole month's on-peak period of Reserved Capacity or Network Load is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

### Schedule 6

Operating Reserve - Supplemental Reserve Service addresses resources needed to serve load within a period of fifteen minutes rather than immediately in the event of a system contingency so as to maintain reliability. The basic charge for each

whole month of service or whole month's on-peak period of Reserved Capacity or Network Load is as set forth in the attached Exhibit A. The service may be purchased for shorter periods of time.

The Transmission Customer may also be responsible for other charges including but not limited to a Regulatory Asset Charge.

## **EXHIBIT A**

	<u>Sept. 1, 2005*</u>	<u>Jan. 1, 2006*</u>	<u>Sept. 1, 2006*</u>	<u>Sept. 1, 2007*</u>
<b>Network Ancillary Services</b>				
Schedule 1: System Control and Load Dispatch - \$/kW Mon.	0.289	0.289	0.289	0.289
Schedule 2: Cost of Reactive Power (VAR) Production - \$/kW Mon.	0.095	0.107	0.113	0.120
Schedule 3: Regulation and Frequency Response - \$/kW Mon.	0.453	0.453	0.463	0.472
Schedule 4: Energy Imbalance - \$/MWh	20.40	20.40	20.40	20.40
Schedule 5: Operating Reserves – Spinning - \$/kW Mon.	0.685	0.685	0.699	0.713
Schedule 6: Operating Reserves – Supplemental - \$/kW Mon.	0.442	0.442	0.451	0.461
<b>Point-to-Point Ancillary Services</b>				
Schedule 1: System Control and Load Dispatch - \$/kW Mon.	0.289	0.289	0.289	0.289
Schedule 2: Cost of Reactive Power (CAR) Production - \$/kW Mon.	0.076	0.083	0.089	0.094
Schedule 3: Regulation and Frequency Response - \$/kW Mon.	0.453	0.453	0.463	0.472
Schedule 4: Energy Imbalance - \$/kW Mon.	20.40	20.40	20.40	20.40
Schedule 5: Operating Reserves – Spinning - \$/kW Mon.	0.685	0.685	0.699	0.713
Schedule 6: Operating Reserves – Supplemental - \$/kW Mon.	0.442	0.442	0.451	0.461

\* Rates apply to Ancillary Services provided on and after this date.

**SOUTHWEST TRANSMISSION COOPERATIVE, INC.**

**REGULATORY ASSET CHARGE**

**TARIFF**

**PERMANENT**

Effective Date: September 1, 2005

**APPLICABLE TO NETWORK TRANSMISSION, POINT-TO-POINT AND OTHER SERVICE**

Applicable to all cooperative associations which are or shall be Class A members of Southwest Transmission Cooperative, Inc. ("SWTC"), including those cooperatives who receive network transmission service through Arizona Electric Power Cooperative, Inc. ("AEPCO"), a Class B member of SWTC, as well as to other Eligible Customers. In addition, SWTC also offers firm and non-firm point-to-point transmission service. All service is subject to the terms and conditions of the Open Access Transmission Tariff ("OATT") filed by SWTC with the Federal Energy Regulatory Commission.

**REGULATORY ASSET CHARGE**

Pursuant to Decision No. 62758, SWTC has been assigned a Regulatory Asset Charge ("RAC"). The RAC is assessed against all power sold during the billing period in the service territories of AEPCO's Class A members. The RAC will remain in effect until the full amount of regulatory assets assumed by SWTC has been recovered. For calendar year 2005, the RAC is \$0.00133 per kWh, but adjusts on January 1 of each year as set forth in the schedule which is attached hereto and incorporated herein by this reference.

# Calculation of Regulatory Assets - \$000

	Current Amort. Period	Projected Disc-99	Regulatory Asset Listing and Proposed Revised Recovery Period												
			2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>1. Debt Related Regulatory Assets</u>															
a). 1995 FFB Replicing	2012	1,315	101	101	101	101	101	101	101	101	101	101	101	101	103
b). 1994 FFB Replicing	2011	4,812	401	401	401	401	401	401	401	401	401	401	401	401	401
903 FFB Replicing	2012	4,092	315	315	315	315	315	315	315	315	315	315	315	315	312
Cooperative Utilities Trust Certificate	2018	1,929	148	148	148	148	148	148	148	148	148	148	148	148	153
Total Company Debt Related Regulatory Assets		12,148	965	965	965	965	965	965	965	965	965	965	965	965	961
less: Debt Related Regulatory Assets - Transmission		(2,837)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(131)
Total Debt Related Regulatory Assets - Generation		9,311	740	740	740	740	740	740	740	740	740	740	740	740	430
<u>2. Carbon Coal Regulatory Asset</u>															
	2007	12,838	1,567	1,567	1,567	1,567	1,567	1,567	1,569	0	0	0	0	0	0
<u>3. Total Regulatory Asset Recovery</u>															
		21,849	2,307	2,307	2,307	2,307	2,307	2,307	2,309	740	740	740	740	740	430

## Projected Class A Loads & Calculation of Dollars per KWh

Class A Loads - GWh (see Footnote (a))	1,493	1,541	1,591	1,640	1,687	1,731	1,781	1,820	1,868	1,905	1,943	1,982	2,022
Dollars per KWh - Class A Loads	0.00155	0.00150	0.00145	0.00141	0.00137	0.00133	0.00130	0.00127	0.00124	0.00120	0.00116	0.00112	0.00108